editorial in the Seaside Signal which supports the hospital associations and is critical of medical society opposition. [Print editorial.] There is an editorial in the Albany, Oregon Democrat-Herald which supports the hospital associations and is critical of medical society opposition. There is a front page story in the December 9, 1936 issue of the Oregon Daily Journal of a protest to the Multnomah County Medical Society by 25 logging camp operators against penalizing doctors who serve hospital associations. Print from "Vanc. Union" 11/20/36. There is a news story in the Oregonian of 12/6/36 under the heading "Doctors Resign, Conflict Rises." The story refers to the resignations of Drs. Sabin, J. D. Leonard, and George R. Suckow. There is a story on the dispute in the Journal in November 1936. There is an article on this fight in the Portland Oregonian 12/8/36 and in the News Telegram 12/5/36 and in the Oregon Journal of 12/8/36. [Print from Hood River News 12/23/36.]

Plaintiff's Exhibit 1746

8059 March 16, 1944

National Hospital Association,
Top Floor Mohawk Bldg.,
Portland, Oregon.

Gentlemen:

This is to inform you that the Board of Directors of The Dalles Clinic, at a meeting held February 20, 1944, adopted a resolution providing that on and after said date no charges for medical services would be made to any lay owned hospital services. Since the resolution was adopted all charges have been made direct to patients' accounts therefore no statements will be sent to you covering any charges which may have been made to subscribers to your service.

Very truly yours,
THE DALLES CLINIC
By F. W. Sims, Office Manager.

Plaintiff's Exhibit 1747

8060 March 17, 1944

Prudential Hospital Association,
Morgan Building,
Portland, Oregon.

Gentlemen:

This is to inform you that the Board of Directors of The Dalles Clinic, at a meeting held February 20, 1944, adopted a resolution providing that on and after said date no charges for medical services would be made to any lay owned hospital services. Since the resolution was adopted all charges have been made direct to Patients' accounts therefore no statements will be sent to you covering any charges which may have been made to subscribers to your service.

Very truly yours,

THE DALLES CLINIC

By F. W. Sims, Office Manager.

Plaintiff's Exhibit 1748

8061 A. E. King, M. D. President — J. R. Steagall, M. D. Secretary-Treasurer

PRUDENTIAL HOSPITAL ASSOCIATION
INCORPORATED

MORGAN BUILDING
PORTLAND, OREGON

April 1, 1944.

The Dalles Clinic
Attention: Mr. F. W. Sims, Office Manager
The Dalles, Oregon.

Dear Mr. Sims:

Your letter dated March 17, 1944, I found on my desk yesterday when I returned from a ten day trip. I note that you state that, "all charges will be made direct to patient's accounts therefore no statements will be sent to you covering any charges which may have been made to subscribers to your service."

Knowing that this had been the policy advised by the State Medical Society for the past several years, I felt sure when Dr. Coberth was honored by the physicians and surgeons of Oregon, by being elected President of the State Medical Society, that it would be necessary for him to discontinue billing us direct and am not surprised that his associates in The Dalles Clinic took the same attitude. I consider it very nice of them, indeed, out of respect for their colleague.

It has always been our policy to give the employees of the different mills protected by our service, a free choice of doctors in adjacent cities and towns, although the contract states that this service shall be "only by physicians, surgeons and specialists appointed by the Association for this purpose."

As far as we are concerned we see no reason why the employees of the J. Neils Lumber Company cannot continue to have the free choice of physicians in The Dalles, including the physicians and surgeons in your Clinic, if in billing them or in giving them a receipt, you itemize the charges and state the nature of the trouble on the bill or on the receipt given them. This matter we will take up with the Union of the J. Neils Lumber Company, and if the employees who wish to consult the physicians of The Dalles Clinic are willing to be put to the inconvenience of paying their bill and obtaining an itemized receipt, they can still have a free choice of doctors in The Dalles, otherwise we would of course advise them that the services of the physicians and surgeons of The Dalles Clinic will be no longer available.

8061A I wish to take this opportunity of thanking the doctors of The Clinic for the very efficient service they have given the different employees who have come to them in the past, and am very sorry there could be a possibility of any break in the harmonious relations which have existed over a period of many years.

Very truly yours,

PRUDENTIAL HOSPITAL ASSOCIATION

(Signed) A. E. KING
A. E. King, M. D.
President.

AEK:pc

Plaintiff's Exhibit 1749

8062 OREGON STATE MEDICAL SOCIETY

MEDICAL-DENTAL BUILDING
PORTLAND, OREGON

June 27, 1942

Dr. Paul R. Vogt
The Dalles,
Oregon

Dear Doctor:

As you may already know, the Oregon State Medical Society recently sponsored the formation of a new medical contract agency known as Oregon Physicians' Service. This new organization has the objective of rendering service in those sections of Oregon which are not already served by currently approved medical service bureaus, when such Oregon Physicians' Service operations are approved by the component medical societies involved. Local medical service bureaus also will be assisted in every possible way, as in the past.

• • • • •

Plaintiff's Exhibit 1750

8065 December 15, 1939

Drs. Pilkington and Van Dusen
Astoria, Oregon

Dear Doctors:

Today, when I signed the pay checks, I noted that the amount of Mr. Kirk's check is $800.00 for the month which evidently was the same and has been the same since our last meeting. In order to clarify the situation that we discussed, I am first expressing my own view as to this salary. In the first place the salary was listed at $600.00. Some months ago this salary was reduced to $500.00, and it is my understanding that at the last meeting we were to pay him the $600.00 plus $100.00 extra to compensate him for the number of months in the past that he only received $500.00 until it balances up to the stipulated figure of $600.00.

Again to be specific and for our records, my understanding of this salary question is that there is no agreement

nor is there any promise of an agreement that Mr. Kirk shall participate in the benefits of this company. I understand that his salary as listed by us and agreed upon is $600.00. If at any time in the future we feel so disposed on account of the service rendered or the accrued benefits we wish to raise this, it is our specific privilege. I wish you would give me a reply either verifying this or correcting me if you think I am in error.

Incidently, since our meeting with the Committee of the Medical Society, the next day, Dr. Henton, President of the Multnomah County Medical Service Bureau, called me for an appointment. I met him today at a luncheon which was a very friendly approach to the subject at issue; namely, what could be done to bring about a harmonious relationship between his bureau and our group. The discussion was quite broad and many issues brought up. His first approach was from the point of view of our amalgamating with his group. My facts were presented about as you would surmise to show him the difficulty of this. He then even mentioned that the thought of the possibility of their group being merged with ours would not be out of the question. I, of course, explained the many issues that you are familiar with, along the lines that I explained at the luncheon the other day an the financial set-up that would stand in the way of such an amalgamation. I, however, countered his proposal with such a proposal as was put before the Committee at our luncheon meeting; namely, that cooperation was in our opinion a better solution of the problem than would be amalgamation. He will take this before his directors, and, no doubt, we will hear more of this in the very future. In fact, we have already arranged for a meeting possibly next week when he wishes to bring in two more of his group; perhaps, Dr. Bueerman and Dr. John Besson who was formerly with us and whom I consider a very capable and broad minded fellow, much more so than Bueerman. So, you see the wheels of progress have been started, and God knows where they will stop.

8066

When I went to the hospital this morning, I found my wife with a broad smile on her face pointing to the bureau where there was displayed a most beautiful bouquet and well-wishing from both of you doctors, and I can only corroborate Mrs. Moore's sentiment that we consider it very nice of both of you and much appreciated.

Yours very truly,

CCM:S

Plaintiff's Exhibit 1751

8067 IN THE UNITED STATES DISTRICT COURT
DISTRICT OF OREGON

Civil Action No. 4255

UNITED STATES OF AMERICA,
Plaintiff,
v.
OREGON STATE MEDICAL SOCIETY, *ET AL.*
Defendants.

PRE-TRIAL STIPULATION OF FACTS

Subject to the right of either party by proof offered at the trial to qualify, add to or disapprove the following stipulated facts, and to the right of either party to contend that any of the facts herein stated are not relevant, competent or material as evidence in this case, it is agreed that for the purpose of this trial the facts herein stated shall be deemed true.

Unless otherwise stated, the existence of any status referred to is at least since January 1, 1936, and up to the time of this stipulation.

1. The Oregon State Medical Society (sometimes hereinafter referred to as O.S.M.S.) is affiliated with the American Medical Association (sometimes hereinafter referred to as A.M.A. to the following extent and in the following manner:

The constitution of the American Medical Association provides that it "is a federacy of its constituent associations". State medical associations are constituent associations of American Medical Association.

There are several classes of membership in American Medical Association, the most numerous of which are known either as "members" or "fellows". These terms may be defined as follows:

(a) Members of the American Medical Association include all members of state medical societies. Such "members" have none of the ordinary privileges of membership

such as subscription without additional charge to the
8068 American Medical Association Journal, privilege of becoming member of committees of American Medical Association, or qualification to become officer, member of House of Delegates, member of the Board of Trustees, or of holding any other office in the American Medical Association. Such privileges and qualifications are limited to "fellows" of the American Medical Association. Until 1949 "members" were not eligible to attend scientific meetings.

(b) Members of American Medical Association known as "fellows" have all the rights and privileges of membership including those above specified not available to "members". Fellows of American Medical Association are physicians who are members of their constituent state medical society and who make written application to American Medical Association and whose application is accepted. Such physicians become "fellows" of the American Medical Association upon approval of their application and payment of the annual dues of $12.00 to the American Medical Association.

The House of Delegates of the American Medical Association is the supreme legislative and policy making body of the A.M.A. This House of Delegates is mainly comprised of delegates selected by the respective state medical societies. The Oregon State Medical Society since and before 1936 has regularly selected from among its members persons who were "fellows" of A.M.A. to be members of the House of Delegates of A.M.A. When the House of Delegates of A.M.A. is not in session, the governing body of A.M.A. is their Board of Trustees. The Board of Trustees is the chief administrative body of A.M.A.

Oregon State Medical Society is, and has been represented in the House of Delegates of the A.M.A. by its elected delegates.

At various times since January 1, 1936, the defendant John H. Fitzgibbon, a member of the Oregon State Medical Society, has been an official of that society, a member of its Council, a member of the House of Delegates of A.M.A. and a member of the Board of Trustees of A.M.A. He has attended meetings of officers and members of one or more defendant medical societies, at which questions of contract practice of medicine, prepaid medical care plans and the relationship between the societies' code of ethics and contract practice has been discussed.

8069 Ralph Fenton, a member of the Oregon State Medical Society, has at various times been a mem-

ber of the Board of Trustees of A.M.A. during most of the period covered by the complaint in this suit. He has attended meetings of officers and members of one or more defendant medical societies, at which questions of contract practice of medicine, prepaid medical care plans and the relationship between the societies' code of ethics and contract practice have been discussed.

Edward H. McLean, a member of the Oregon State Medical Society and a member of the Council of that society, has been a delegate of the House of Delegates of A.M.A. during some of the period covering by the complaint in this suit. He has attended meetings of officers and members of one or more defendant medical societies, at which questions of contract practice of medicine, prepaid medical care plans and the relationship between the societies' code of ethics and contract practice have been discussed.

Other members of O.S.M.S. have been delegates in the House of Delegates of A.M.A.

On several occasions since January 1, 1936, an official of A.M.A. has visited and publicly addressed meetings of state and county societies in Oregon. Among other matters discussed at such meetings have been contract practice medicine, prepaid medical plans, and questions of ethics.

The annual Conference of Secretaries of Constituent State Medical Associations meets regularly at American Medical Association Building, Chicago.

The administrative tribunal of last resort for disciplinary proceedings for violation of ethics instituted within the defendant medical societies is the Judicial Council of the A.M.A., provided the member involved is a member of A.M.A.

The Constitution of the Oregon State Medical Society provides that one of the purposes of the society is to unite with other similar organizations to form A.M.A. The Constitution and By-Laws of O.S.M.S. provide that the principles of medical ethics of the A.M.A. and the rules of professional conduct adopted by the House of Delegates of that Association are incorporated therein the same as though set forth in full therein, and that such prin-
8070 ciples and rules shall be the code and standard of conduct of O.S.M.S.

The above named members of O.S.M.S. who have attended meetings of the House of Delegates of A.M.A. have attended meetings of said House of Delegates in which A.M.A. policies have been formulated, including policies as to

contract practice of medicine and prepaid medical care plans, when such policies were formulated at meetings attended by such persons.

Activities of the Council on Medical Services of A.M.A. include matters of prepaid medical care plans. Among other things it has published a list of approved prepaid medical care plans to which it has given a Seal of Acceptance. Plans desiring approval are required to apply therefor. A condition for such approval has been the plan's approval by the state or county medical society where it operates. The Oregon prepaid medical care plans given a Seal of Acceptance have been plans approved by one or more of defendants.

An organization known as the Associated Medical Care Plans has been sponsored and created by A.M.A. and the Director of Associated Medical Care Plans had office space until recently in the same quarters as the Council on Medical Services of A.M.A.

The Cooperative Medical Advertising Bureau of A.M.A. performs services for many state medical journals, including *Northwest Medicine.*

The Journal of the American Medical Association, an official publication of A.M.A. which has published articles dealing with problems of contract practice of medicine, ethical problems and prepaid medical care plans, has been received by the defendants, and by many members of O.S.M.S., as have other A.M.A. publications.

2. County Medical Societies are affiliated with A.M.A. to the following extent and in the following manner:

Traditionally the basic medical association in Oregon has been the local county medical society. The county medical society concept grew out of the fact that the county seat usually was the residence of the doctors of the county.

In counties where the medical population has been
8071 too small to warrant a county medical society, doctors in the county have been invited to join a contiguous county society. Also in cases of adjoining counties with small medical populations, district medical societies have been formed comprising doctors practicing in several counties.

The Constitution of A.M.A. provides: Component societies are those county or district medical societies contained within the territory of, and chartered by, the respective constituent associations. The defendant county

medical societies have been recognized as component societies of the A.M.A.

Some Constitutions and By-Laws of defendant county medical societies provide for association with A.M.A. and that A.M.A.'s principles of ethics are incorporated as the code of ethics of said societies.

The A.M.A. establishes policies which are offered for the guidance of members or component societies including the defendant county medical societies, and which sometimes, but not always, are followed by said societies.

A national conference of officers of component county medical societies has been sponsored by A.M.A. during part of the time between January 1, 1936 to May 1, 1949. It was not originally so sponsored. Oregon county societies have not had official representatives at such conferences, but members of defendant county societies at various times have attended meetings of such conferences.

The Oregon State Medical Society is composed of physicians and surgeons who are also members of Oregon county medical societies. Approximately 61.1% of the doctors of medicine in Oregon were members of O.S.M.S. in 1936 and approximately 72.9% are now members. Most of the delegates of the House of Delegates of O.S.M.S. are chosen by Oregon county medical societies including the defendant county medical societies. The House of Delegates of O.S.M.S. is the chief legislative and policy-making body of O.S.M.S.

When the House of Delegates of O.S.M.S. is not in session the governing body of O.S.M.S. is its Council which meets from time to time and has the full authority and power of the House of Delegates. The Council has an Executive Committee. Since 1938 the House of Dele-
8072 gates and the Council of O.S.M.S. have devoted considerable time and effort in an attempt to establish doctor sponsored prepaid medical care plans in Oregon; and they have considered the problems of contract practice of medicine, prepaid medical care plans, and medical ethics, and of establishing the policies in respect thereto for O.S.M.S. and as recommendations for county medical societies.

O.S.M.S. recommends policies to Oregon county medical societies.

Appeals from disciplinary action may be taken from a county medical society for violation of its code or principles of ethics to the Council of O.S.M.S. and then, as a matter of last resort, to the Judicial Council of A.M.A. which

has final appellate jurisdiction, provided that a member is a member of O.S.M.S. and A.M.A.

Some defendant county medical societies have at times informed O.S.M.S. of instances of contract practice of medicine in their respective areas, and have at times advised O.S.M.S. as to action taken in reference thereto, as well as policy problems with respect to contract practice of medicine, and at times have requested from O.S.M.S. advice with respect to such matters.

O.S.M.S. has sometimes but not always informed its component medical societies of the policies of O.S.M.S. with respect to prepaid medical care plans, contract practice of medicine, and medical ethics.

3. A.M.A. has publicly opposed some plans of contract practice where, in the opinion of A.M.A., the operation of such plans was not to the best interest of the public and the medical profession. The Principles of Medical Ethics of A.M.A. specifically provide that contract practice initself is not unethical, but when accompanied by certain factors, contract practice may be considered to be unethical. A.M.A. has adopted certain policies regarding prepaid medical practice, which have been in existance for several years prior to the filing of the Complaint herein, and plans for prepaid medical practice to be specifically approved by A.M.A. must be approved by the local, state or county medical society in the area in which the respective plans operate.

8073 4. In 1938 O.S.M.S. approved the establishment of plans of doctor sponsored prepaid medical care in Oregon. County medical society plans of prepaid medical care had been in existence prior thereto. O.P.S. was organized and incorporated on December 6, 1941, as a statewide prepayment medical care plan under the state laws of Oregon. O.S.M.S. donated the $5,000.00 required for incorporation. Prepayment medical care plans organized, sponsored and approved by county medical societies had been operating in eighteen counties in Oregon prior to 1936. Contracts of some of such county medical society sponsored prepayment medical care plans have been taken over and assumed by O.P.S. since the incorporation and commencement of operations of O.P.S. Five of such plans continue to operate as local county plans. These five local plans are.

(1) Pacific Hospital Association, Eugene, Oregon, approved by Lane County Medical Society.

(2) Eugene Hospital and Clinic, Eugene, Oregon, approved by Lane County Medical Society.

(3) Klamath Medical Service Bureau, Klamath Falls, Oregon approved by Klamath County Medical Society.

(4) Coos Bay Hospital Association, Marshfield, Oregon, approved by Coos-Curry Counties Medical Society.

(5) Physicians Association of Clackamas County, Oregon City, Oregon, approved by Clackamas County Medical Society.

Each of the above five local plans largely confines its contracts to patients residing in the geographical area of the respective counties concerned, and O.P.S. does not as a general rule execute contracts with industrial concerns whose employees all reside in one of the said five counties.

O.P.S. is approved by O.S.M.S. and its component county and district medical societies. O.S.M.S. sponsors and supervises O.P.S. in the following manner:

The governing body of O.P.S. is composed of a board of eleven trustees, all of whom are physicians and each of whom is elected to a 10-year term of service by the 8074 stockholders. The Trustees hold the only voting stock (known as Class A) in O.P.S. and represent the major areas of the state. O.S.M.S nominates the Trustees of O.P.S. Once each year, the eleven trustees of O.P.S. elect five from their number as a Board of Directors. This Board of Directors runs the business and controls the policies of O.P.S. through its management.

O.P.S. operates in all of the thirty-six counties in Oregon. Doctors in the five counties above named are cooperating members of O.P.S. In any counties where O.P.S. operates, the cooperating doctors may either participate in the state pool, or may set up a local pool. Under the local pool arrangement, dues collected for such pool are kept in a separate account. Renumeration to the doctors is based on local experience rather than state-wide experience. At present in addition to the state pool there are seventeen pools: Multnomah County; Washington County; Columbia County; Yamhill County; Clatsop County; Marion-Polk Counties; City of Salem; Benton County; Lincoln County; Douglas County; Josephine County; Jackson County; Linn County; Deschutes-Jefferson Counties; Crook County; Morrow-Umatilla-Union-Wallowa-Grant-Baker-Harney-Malheur Counties; Hood River-Wasco-Sher-

man-Gilliam Counties. Division agreements exist between O.P.S. and the local groups of cooperating physicians or county medical societies setting out the manner and procedure of operation of the local pools.

In many counties where O.P.S. operates there is a county supervisory committee of O.P.S. participating physicians, the membership of which varies from three to nine. The members of such county supervisory committees are chosen by the respective county medical societies or participating physicians. The county supervisory committee may recommend policy and supervise certain aspects of O.P.S. operations in their respective counties.

The Articles of Incorporation of O.P.S. limit physician-participation in the plan to physicians who are members in good standing of O.S.M.S. and/or any component medical society in Oregon or are eligible to such membership. Class AA non-voting stock of O.P.S. is sold to doctors who are known as cooperating O.P.S. physicians. A physician must be a member in good standing or eligible for membership in O.S.M.S. and/or his local medical Society before
8075 he is permitted to purchase O.P.S. stock. Upon application for staff membership status in O.P.S., the physician who satisfies the preliminary requirement of eligibility for or actual membership in O.S.M.S. and/or his local medical society executes an individual staff agreement or contract, known as a "Cooperating Agreement", wherein it is agreed that he will accept as full payment for his services his pro-rata share of the funds available for distribution to member physicians under the applicable pooling agreement or agreements. Funds are pro-rated on the basis of a percentage of the O.P.S. Basic Fee Schedule, but payments to member physicians are made only after all other expenses of O.P.S. have been paid.

The Council on Medical Service of the A.M.A. has given to O.P.S. its Seal of Acceptance. O.P.S. is a charter member of Associated Medical Care Plans, Inc., a trade association of physicians-sponsored prepaid medical care plans, with headquarters located in Chicago, Illinois, and is also a member of the Western Conference of Medical Care Plans.

5. Defendant John H. Fitzgibbon has been a member of and has held the following positions with OSMS.:

1936-Delegate to A.M.A. from O.S.M.S.
-Member of Council O.S.M.S.

1937-Delegate to A.M.A. from O.S.M.S.
-Member of Council, O.S.M.S.

1938-Delegate to A.M.A. from O.S.M.S.
-Member of Council, O.S.M.S.

1939-Delegate to A.M.A. from O.S.M.S.
-Member of Council, O.S.M.S.

1940-Delegate to A.M.A. from O.S.M.S.

1941-Delegate to A.M.A. from O.S.M.S.

1942-Member of Council, O.S.M.S.
-Delegate to A.M.A. from O.S.M.S.

8076 1943-Delegate to A.M.A from O.S.M.S.
-Member of Council on Medical Service A.M.A.
-Member of Board of Trustees of National Physicians Committee
-Member of Council, O.S.M.S.

1944-Delegate to A.M.A. from O.S.M.S.
-Member of Council, O.S.M.S.

1945-Member of Council, O.S.M.S.

1946-Member of Council, O.S.M.S.

1945-Elected Trustee of A.M.A.

1947-Trustee, A.M.A.
-Member of Council, O.S.M.S.

1948-Member of Council, O.S.M.S.

6. Defendant John H. Fitzgibbon has been a member of the Oregon Physicians Service since July 25, 1942.

6a. Defendant John H. Fitzgibbon has been:

1942-1947-Member of Board of Trustees N.P.C.

1936-1945-Delegate from Oregon to A.M.A.

1945-1950-Trustee of A.M.A.

1943-1945-Member of Council on Medical Service A.M.A.

1944-1945-Chairman, Council on Medical Service A.M.A.

1935-Delegate to A.M.A.—until then *ex officio* member of Council of O.S.M.S.

7. Defendant Edward H. McLean has been a member of and has held the following positions with O.S.M.S.:

1936-Member, Committee on Unfinished Business, O.S.M.S.

1937-39-Member, Committee on Publications, O.S.M.S.

1937-49-Member, Board of Trustees, *Northwest Medicine*

1937-Seated as Alternate Delegate from Clackamas County Medical Society on Oct. 20 meeting of House of Delegates, O.S.M.S.

1938-49-Member, Board of Trustees, *Northwest Medicine*

1940-Chairman, Committee on Publications, O.S.M.S.

1941-Elected member of Council, O.S.M.S.

1942-Member of Council, O.S.M.S.

8077 1943-Member of Council, O.S.M.S.
-1st Vice President, O.S.M.S.

1943-49-One of Three Directors or Trustees of Northwest Hospital Service Plan (Blue Cross) nominated by O.S.M.S.

1944-Member of Council, O.S.M.S.
-President-elect, O.S.M.S.

1945-President, O.S.M.S.

1945-49-Member of Council, O.S.M.S
-Chairman, Committee on Publications, O.S.M.S.

1946-President, Board of Trustees, *Northwest Medicine*
Past President, O.S.M.S.
-Alternate Delegate to A.M.A. from O.S.M.S.

1947-Delegate to A.M.A. Ref. Committee for Misc. Business

1948-Del. to A.M.A. Spec. Ref. Com. of Medical Service; Com. for determining the Distinguished Service Award; Com. on Rules and Orders of Business.

8. Defendant Edward H. McLean has been a member of and has held the following position with Clackamas County Medical Society:

1939-As Delegate, seated in absence of regular delegate.

9. Defendant Gordon B. Leitch has been a member of and has held the following positions with O.S.M.S.:

1942-Membership Multnomah County Medical Society approved Dec. 6, 1942.

1943-Member; O.S.M.S.
Member, Special Committee to study and make recommendations concerning railroad contract practice and relations with the Northwest Hospital Service Plan.

1944-Member of Committee on Public Policy, O.S.M.S.
-Editor, Oregon Section of "*Northwest Medicine*"

1945-Chairman, Committee on New Business, O.S.M.S.
Chairman, Committee on Public Policy.
8078 1945-Editor, Oregon Section of "*Northwest Medicine*"

1946-Editor, Oregon Section of "*Northwest Medicine*"

1947-Member, Committee on Public Policy;

1947-49-Editor, Oregon Section of "*Northwest Medicine*"

1948-Vice-chairman, Committee on public policy;

10. Defendant Gordon B. Leitch has been a member of and has held the following positions with the Oregon Physicians' Service:

1944-Elected a trustee and director on May 6, 1944.

1945-Member, Board of Directors, O.P.S.

1946-Treasurer, Board of Directors O.P.S.

1947-Treasurer, Board of Directors O.P.S.

1948-Treasurer, O.P.S.

11. Defendant Gordon B. Leitch has been a member of and has held the following positions with Multnomah County Medical Society:

1942-Elected to membership December 6, 1942.

1945-Member, Committee on Public Relations

1946-Member, Committee on Public Relations

1947-Delegate to O.S.M.S. House of Delegates from Multnomah County Medical Society.
Member, Committee on Public Relations

1948-Vice-chairman, Committee on Public Relations.
Delegate to O.S.M.S.

12. Defendant Karl H. Martzloff has been a member of and has held the following positions with O.S.M.S.:

Explanatory Note: O.S.M.S. committee appointments date from each annual session which is usually held in September. Therefore, dates of committee service as shown are for the period beginning with the closing date of the annual session of the previous year to the closing date of the annual session for the year shown.

1936-Member, Council of O.S.M.S.
-Member, Executive Committee of the Council
-Member, Committee on Publication, O.S.M.S.

8079 1936-Member, Committee on Cancer Control

1936-48-Member, Board of Trustees, *Northwest Medicine*

1937-Member, Committee on Publication, O.S.M.S.
-Member, Council of O.S.M.S.
-Member, Executive Committee of the Council
-Member, Committee on Cancer Control

1938-Member of Council, O.S.M.S.
-Member, Executive Committee of the Council
-Chairman, Committee on Constitution and by-laws O.S.M.S.
-Alternate Delegate to A.M.A.
-Member, Committee on Publication, O.S.M.S.
-Member, Medical Advisory Committee to the State Relief Committee

1939-Member of Council O.S.M.S.
-Member of Executive Committee of the Council.
-Chairman, Medical Advisory Committee to the State Public Welfare Commission
-Chairman, Committee on Postgraduate Education
-Chairman, Committee on Revision of Constitution and by-laws
-Member, Liaison Committee to the Woman's Auxiliary
-Member, Committee on Publication, O.S.M.S.
-Alternate Delegate to A.M.A.

1940-Chairman, Committee on Postgraduate Education, O.S.M.S.
-President-elect, O.S.M.S.
-Vice-Chairman, Executive Committee of the Council
-Member, Committee on Publication, O.S.M.S.
-Vice-Chairman, Committee on Charitable Medical Care

1941-President, O.S.M.S.
-Chairman, Executive Committee of the Council
-Member, Committee on Publication, O.S.M.S.

8080 1942-Chairman, Committee on Publication, O.S.M.S.
-Chairman, Committee on Postgraduate Education
-Member, Executive Committee of the Council
-Past president, O.S.M.S.

1942-48-Chairman, Committee on Malpractice, O.S.M.S.

1943-Chairman, Committee on Publication, OSMS

1944-Member, Committee on Publication, O.S.M.S.

1945-Member, Committee on Publication, O.S.M.S.

1946-Member, Committee on Publication, O.S.M.S.

1946-48-Alternate Delegate to A.M.A. from O.S.M.S.

1947-Chairman, Committee on Publication

1948-Member, Committee on Publication
-Member on Cancer Study

13. Defendant Karl H. Martzloff has been a member of and has held the following positions with Multnomah County Medical Society:

1935-36-Chairman, Committee to Investigate all hospital associations and the Multnomah Industrial Health Association. The report of this Committee is known as the "Martzloff Report".

1936-Chairman, Grievance Committee, Multnomah County Medical Society.

1937-Vice-President, Multnomah County Medical Society

1938-Vice-President, Multnomah County Medical Society
-Member, Board of Censors

1939-Member, Committee on Constitution and by-laws

1940-Member, Committee on Constitution and by-laws

1942-Member, Committee on Public Policy

1943-Member, Committee on Public Policy

1944-Member, Committee on Public Policy

1945-Chairman, Committee on Public Policy
-Member, Committee on Medical Education and Hospitals

8081 1946-Member, Committee on Public Policy
1947-Member, Committee on Cancer Study
1948-Chairman, Committee on Cancer Study

14. On or about December 4, 1938, at a meeting in Portland, Oregon, attended by representatives of O.S.M.S. and the state medical societies of California, Washington and Idaho, there was formed a permanent organization known as "Pacific States Medical Executives' Conference" which has held periodic meetings of officials of O.S.M.S. and officials of the state medical societies of California, Idaho, Montana, Nevada, Utah, Washington, and Wyoming, at which among many other matters prepaid medical care plans and contract practice have been discussed.

15. "The Pacific Northwest Medical Association" on and prior to 1942 held annual meetings attended by physicians from throughout the northwest.

16. *Northwest Medicine* is a monthly periodical containing scientific articles as well as matters of general interest to doctors in Oregon, Idaho and Washington including items relating to prepaid medical care plans. It is the officials publication of the state medical associations of Oregon, Idaho and Washington, and of the Pacific Northwest Medical Association. One of the established functions of *Northwest Medicine* is to publish the annual transactions of the state associations which it represents, and to give information regarding activities of the county medical societies in these states. In 1940, O.S.M.S. approved publication of the proceedings of the 1939 session as a supplement to *Northwest Medicine*. The Editor of the Oregon section of *Northwest Medicine* has been present at meetings of the council of the Oregon State Medical Society.

Until 1946 the House of Delegates of O.S.M.S. elected three members of the Committee on Publication to serve as trustees of *Northwest Medicine*. Since that time O.S.M. S. has nominated three trustees of *Northwest Medicine*, the Board of Trustees electing the trustees.

8082 *Northwest Medicine* is owned by the Northwest Medical Publishing Association. The governing body of the latter is the Board of Trustees of *Northwest Medicine*.

The House of Delegates of O.S.M.S. has instructed the Committee on Publications of O.S.M.S. to fill, from a list of members recommended by the Council, vacancies in the office of Associate Editor of *Northwest Medicine*. The Committee on Publications of O.S.M.S. meets from time

to time with the Board of Trustees, Editor and Associate Editors of *Northwest Medicine.*

The assistant editors of *Northwest Medicine* are the secretaries of the respective state associations including O.S.M.S.; and O.S.M.S. has appointed a special editor who prepares the Oregon section of *Northwest Medicine.*

17. The following organizations have offices in Oregon and are engaged in the business of paying for or providing medical care or services on a contract or prepaid basis:

Industrial Hospital Association
National Hospital Association
Prudential Hospital Association
Oregon Physicians' Service
Coos Bay Hospital Association
Physicians Association of Clackamas County
Klamath Medical Service Bureau
Lumbermen's Hospital, Inc.
Northwest Hospital Service Plan (Blue Cross)
Pacific Hospital Association
Lakeview Hospital Association
Northern Permanente Foundation
Eugene Hospital Clinic
Telephone Employees Hospital Association of Oregon, Inc.

18. The following organizations have previously had offices in Oregon and have previously engaged in the business of paying for or providing medical care or
8083 services on a contract or prepaid basis, but are not now so engaged, having closed doing business on or about the dates indicated opposite their respective names:

Multnomah Industrial Health Association	1938
Multnomah Medical Service Bureau	1944
Josephine County Hospital Association	?
Physicians & Surgeons Hospital Association	1943
Southern Oregon Medical Service Association	1943
C. H. Weston Company	1939
Contractors-Employees Hospital Association	1935
Corvallis General Hospital Association	1936
Employees Hospital Association	1935
Hillside Hospital Company	1943
Klamath Valley Hospital, Inc.	?
Oregon Medical Service Bureau	1939
Oregon Medical Service, Inc.	1940
Pumphrey Company (C. E. Pumphrey)	1940
Salem Deaconness Hospital	1948

19. None of the facts herein stipulated shall be considered by the Court unless and until the same is offered and received in evidence.

(Signed) PHILIP MARCUS
Counsel for Plaintiff

(Signed) JOHN J. COUGHLIN
of Attorneys for Defendants

(Signed) NICHOLAS JAUREGUY
of Attorneys for Defendants

Plaintiff's Exhibit 1752

8084 February 15, 1940

Mr. C. C. Bechtold
c/o National Hospital Association
Portland, Oregon

Dear Charles:

I arrived home Sunday evening and on Tuesday afternoon Dr. Durno's office girl left the enclosed letter on my desk with no signature on it. I have not been able to find out that anyone else got one. I did not go to the Medical Society Meeting last night but I am told it was read and referred to the Board of Censors. Now I am not going to take that and like it.

I think the best thing to do for you, myself and others here in Medford who will be attacked next is to furnish me with some photostatic copies of checks issued to and endorsed by some of these fellows who are making such a howl. Finley, Drummond and Everett are the Board of Censors. I understand Everett did not like what was done last night at all. Don't think Finley is at home and don't know what Drummond thinks, but if I had photostatic copies of checks you have paid to and endorsed, say for Finley, Drummond and Lemery and others that you think I might be able to use. These will not be displayed to anybody but just in order that I may have some of the same sort of letters filed with the Society for their action that have been filed against me. It is either fight fire with fire or just resign and let them have it.

I don't want anything to take place until after their Annual Meeting on the 22nd. I think there will be internal disturbance enough that might help to break it up and that there will be no action needed at all. I certainly never intend to appear before a Board of Censors composed of young sprouts such as this one is. After forty-nine years of practice of medicine I don't propose to be told by some interne how to do it now.

I think there is a good chance of getting the Bear Creek back and the Timber Products for you and that will just about take the last peg from under them.

The reason I think a bomb can be touched off at the Annual Meeting is the fact that they haven't paid a doctor bill for three months, unless the inner circle has paid themselves and let the rest of us out. There isn't anything in it, either here or anywhere else under such a set-up as they have recently attempted to set up, or have you looked over the latest announcement sent out by the State Society? It is absolutely unworkable. Now what do you think?

I am coming up to Portland sometime next month and will let you know just when, but write me right away.

I really believe photostatic copies would be a big help in blowing up the whole outfit.

Yours sincerely,

(S) CHAS. T. SWEENEY, M.D

Plaintiff's Exhibit 1753

8086

CHARLES D. DONAHUE, M. D.
Physician and Surgeon
Suite 631-2-3, Miner Building
EUGENE, OREGON

UROLOGY

November 18, 1937

Industrial Hospital Association
Medical Arts Building
Portland, Oregon

Gentlemen:

For your information, on and after January 1st, 1938, I will be unable to render medical services to any patients covered by the Industrial Hospital association contracts.

Very truly yours,

(Signed) CHARLES D. DONAHUE

Charles D. Donahue, M. D.

cdd:eb

Plaintiff's Exhibit 1754

8087

December 8, 1937

To the Council of the Multnomah City and County Medical Society:

Gentlemen:

In keeping with the request made when Dr. Pilkington and I appeared before your body on November 30th, 1937, I am submitting the following proposals, which I am satisfied will remove the objections which have been made to the Industrial Hospital Association's pre-payment plan for medical and hospital service.

1. Conforming to Article 1, Section 2 of the Code of Ethics of the American Medical Association — "Solicitation of Patients" — our Organization will, in no way, solicit patients either directly or indirectly but we shall retain the right to establish and maintain ordinary contact with the State Industrial Accident Commission, and with employers and, when necessary, with employee groups, to fully explain the nature of the medical and hospital coverage provided by the Association, and to service its operation.

2. Under Article 2, Section 2 — "Underbidding to procure a Contract" — we will strictly conform to this provision, we suggest, however, that in the enforcement of this ruling it will be necessary for the State Medical Society to appoint a committee which will have jurisdiction over this matter. This committee should have the right to establish a uniform contract and rates adequate to maintain a proper degree of efficiency and service. I wish to emphasize the importance of this clause as it directly affects the compensation of all physicians rendering service under this plan. This will likewise cover Article 5, Section 2.

3. We will agree to designate all membership or control in our association and in doing so to distribute the (illegible) now being and held by a layman to or among physicians now rendering this service.

4. We will be glad to cooperate with your Society in other matters affecting the contract plan of service; namely, the elimination of the employer group and the high-salaried individuals from service under this plan and other minor matters which might be brought up in a freer discussion for the workability of this plan.

Very truly yours,

Chester C. Moore, M. D.

Plaintiff's Exhibit 1755

8088 CHAS. A. HAINES, M. D.
PHYSICIAN AND SURGEON
ASHLAND, OREGON

December 23, 1943

National Hospital Association
Portland, Oregon

Dear Sir:

I am writing to inform you I am not going to accept any National Hospital slips starting January 1, 1944.

Yours truly,

(Signed) CHAS A HAINES M D

Plaintiff's Exhibit 1756

8089

1385 No. Wst St.
Salem, Ore.
May 13-1946

Natl. Hosp. Assn.
Mohawk Bld.
Portland, Ore.

Attn. Mr. W. J. Page.

Dear Sir: Enclosed you will find, filled out, the blank form you sent recently. As you will note the Doctor did not sign the form, as under the Physicians & Surgeons Assn. of which he is a member, they are not allowed to sign such outside claims.

I hope this item will not prevent the payment of this bill, as it is O. K. in every respect and should be paid by you. If you would rather I paid it please advise that you will reimburse me, on receipt by you of a bill marked paid.

Hoping this will close out the "red tape" and that this bill can be paid soon I am,

Cordially yours

Clarke E. Pfifer

P.S. Membership Card No. 1311-40

8090

July 24, 1945

Nat'l Hosp Assn.
Portland Ore.

Dear Sir:

Please find enclosed con't, stubs and $7.00 in currency for payment.

I am very sorry, but the Doctor says under this physicians & Surgeon's Hosp. plan he is not allowed to fill out any forms for patients for N. H. A. So he will not fill out these blanks. He says everything is on the statement that he did, and diagnosis, and wouldn't be any different if he were to put it on the blank. Only he isn't allowed to do that. He is allowed to make out that kind of a statement under this set up, that I mailed you.

Please let me hear from you, what you are going to do about it.

Yours truly,

Mrs Sarah Pointer

Plaintiff's Exhibit 1757

8091 3-27-46

N. H A.
Portland, Ore.

Dear Sir:

I am sending you another paid receipt.

Dr Myers will not fill out any blanks of yours. He says he can't and still Doctor for O.P.S.

I filled out the blank that I mailed with the first paid receipts. The diagnosis—dates & am't p'd was all on the receipt. Dr Myers says that is as much as they are allowed to fill out. He said to tell you — the diagnosis — Sinus infection

---

Plaintiff's Exhibit 1758

8092 payment is for. Office calls shots—and violet Ray treatments. Condition improving.

Do hope this is satisfactory for payment.

Dr. Clement is O.P.S. Dr also so he won't make out anything else. You can leave off the refraction charge. The other is for 2—treatments for sinus when it was so bad.

Yours truly,

(Signed) Mrs Robert Painter

Plaintiff's Exhibit 1759

8093 ATTENTION! *Enforcement of By-Laws.* The Board of Directors, by unanimous vote at the regular meeting in October, herewith notify all staff physicians that subsequent to November 1, 1939, Article 39 of the By-laws, which deals with the repurchase of stock of staff physicians who render services for unapproved hospital associations, will be enforced. One share of stock in this category has already been repurchased.

8094 EDMUND H. BERGER, M. D.
MEDICAL ARTS BUILDING
1020 S. W. TAYLOR STREET
PORTLAND, OREGON

November 1, 1939

Dr. T. Tharaldsen,
Mohawk Building,
Portland, Oregon.

Dear Dr. Tharaldsen:

It so happens that I have been a member of the Oregon Medical Service Bureau these past five years. In accordance with a notice I received today, which I am enclosing, I am afraid it will be impossible for me to continue to do work for your organization. I am indeed sorry and I am sure you will understand.

Sincerely yours,

(Signed) E H BERGER

Edmund H. Berger, M. D.

EHB:j
Enc:l

Plaintiff's Exhibit 1760

8095 COPY COPY COPY

May 2, 1938

MULTNOMAH COUNTY MEDICAL SOCIETY

Portland, Oregon

Dr. Howard C. Stearns, Secretary
Multnomah County Medical Society
Medical-Dental Building
Portland, Oregon

Dear Mr. Stearns:

The Grievance Committee has carefully examined the evidence in its possession regarding the contract practice of the National Hospital Association and that of Dr. J. Ettelson in connection with that association.

It appears from this evidence that:

1. Dr. J. Ettelson is associated in his practice with the National Hospital Association and renders medical services to persons contracting with that association for medical care.

2. The National Hospital Association and Dr. J. Ettelson, in connection with his practice with the said association, are engaged in the contract practice of medicine, in such manner as to violate Chapter III, Article VI, Section 3 of the Principles of Medical Ethics of the American Medical Association, in that—

   (a) They employ solicitation, directly or indirectly;

   (b) The manner of conducting their practice, and its tendency and effect, is such as to prevent free choice of physician;

   (c) The contract practice engaged in, and its practical results, are contrary to sound public policy.

3. That Dr. J. Ettelson has violated Chapter III, Article L, Section 4, of the said Principles of Medical Ethics, in that—

   Dr. J. Ettelson obtains patients indirectly through the results of personal communications, agents, or solicitors.

4. That Dr. J. Ettelson has violated Chapter III, Article VI. Section 5 of the said Principles of Medical Ethics in that he disposes of his professional attainments or services in such a manner as to permit a direct profit from the fees, salary or compensation received to accrue to the National Hospital Association and its stockholders, one of whom is a layman.

It therefore becomes the duty of the duly appointed Grievance Committee to prefer the formal charges against Dr. J. Ettelson that he has violated the said Principles of Medical Ethics.

Very truly yours,

Stanley Lamb
E. E. Gambee, M. D.
Roger Holcomb

8096 COPY COPY COPY

MULTNOMAH COUNTY MEDICAL SOCIETY

Portland, Oregon
Office of the Secretary

May 2, 1938

Dr. J. Ettelson
Medical-Dental Building
Portland, Oregon

Dear Dr. Ettelson:

In accordance with the provisions of Section 6 of Chapter 1 of the by-laws of the society, we are enclosing a copy of certain charges of unethical conduct which have been filed against you. These charges are being referred to the Board of Censors.

Very truly yours,

MULTNOMAH COUNTY MEDICAL SOCIETY

By: Howard C. Stearns
Secretary

(Copy of Letter received by Dr. J. Ettelson—dictated to BJ on Telephone 2/23/40)

MULTNOMAH COUNTY MEDICAL SOCIETY
Portland, Oregon

Dr. J. Ettelson
Medical-Dental Bldg.,
Portland, Oregon

Dear Dr. Ettelson:

Please take notice that a meeting of the Board of Censors of the Multnomah County Medical Society will be held on March 5, 1940, at 8:30 P. M., at the auditorium of the Medical-Dental Building, at which time the charges of unethical conduct heretofore filed against you will be held.

A copy of the charges was sent to you by the Secretary of the Multnomah County Medical Society on or about May 2, 1938. Enclosed herewith you will find another copy of said charges.

The Board of Censors is of the opinion that you have had ample opportunity to conciliate with the Board regard-

ing the matter set forth in these charges. Therefore, unless you appear to answer said charges on said date, the Board will be forced to conclude that the charges therein contained are true and to take action accordingly.

Very truly yours,

MULTNOMAH COUNTY MEDICAL SOCIETY

(S) CHAS. E. SEARS, Chairman
of the Board of Censors

Plaintiff's Exhibit 1761

8097 MULTNOMAH COUNTY MEDICAL SOCIETY
PORTLAND, OREGON
OFFICE OF THE SECRETARY

November 10, 1936

Dr. J. D. Leonard
Mohawk Building
Portland, Oregon

Dear Dr. Leonard:

The Board of Censors has had referred to it certain charges against you received by the Secretary on November 10, 1936.

This letter is to notify you that the Board of Censors will consider these charges at a meeting to be held in the auditorium of the Medical-Dental Building on the 20th day of November, 1936 at 8:30 o'clock P.M.

Very truly yours,

MULTNOMAH COUNTY MEDICAL SOCIETY

by (Signed) CHARLES E SEARS
Chairman, Board of Censors

MULTNOMAH COUNTY MEDICAL SOCIETY
PORTLAND, OREGON
OFFICE OF THE SECRETARY

November 10, 1936

Dr. J. D. Leonard
Mohawk Building
Portland, Oregon

Dear Dr. Leonard:

In accordance with the provisions of Section 6 of Chapter I of the by-laws of the society, we are enclosing a copy of certain charges of unethical conduct which have been filed against you. These charges are being referred to the Board of Censors.

Very truly yours,

MULTNOMAH COUNTY MEDICAL SOCIETY

By (Signed) JOHN ADAMS
Secretary

November 19th, 1936

Dr. Charles E. Sears, Chairman
Board of Censors,
Multnomah County Medical Society,
Portland, Oregon.

Dear Sir:

I have your favor of November 10th, 1936, in which you sent me certain so-called charges against me, signed by Drs. R. B. Adams, Karl H. Martzloff and Frederick A. Kiehle.

In your letter of transmittal you state that the Board of Censors will consider these charges on November 20th, 1936, at 8:30 P. M.

The charges which were sent to you by Dr. Adams and the other two doctors under date of November 10th, a copy of which you sent me, state that they are based on evidence which these gentlemen have before them. I do not think the gentlemen have before them any evidence upon which the charges are based. I do not know of any such evidence. The charges are untrue and therefore there can be no evidence to sustain them, and the slightest inquiry

on the part of the gentlemen who signed the charges would have shown that they were untrue.

However, I have been told by several that these various steps are being taken merely to make a show of complying with certain forms and that it has already been agreed what action you will take.

This communication may be considered my answer to these charges. If and when any one seeks to produce evidence to support the charges, I will be prepared to meet such evidence. The charges will be taken up in the order in which they appear in the letter of November 10th:

1. I at no time have had any part in the management or conduct of the business of National Hospital Association. I have never been an officer, stockholder or director. I render professional services, medical and surgical, to sick and injured persons, under the protection of medical insurance contracts between National Hospital Association and employers for the benefit of their employees, which as I understand it are authorized and recognized by the laws of this State. I am paid for these services, when rendered
8099 from time to time, by National Hospital Association and the entire compensation received by me belongs to me.

2. I deny that I am engaged in the contract practice of medicine in such manner as to violate Chapter III, Article VI, Section 2 of the Principles of the Medical Ethics of the American Medical profession, or at all. It is not true, as I understand it, that the National Hospital Association is engaged in contract practice of medicine. As I understand it, it makes contracts with employers, as authorized by the laws of the State of Oregon, under which it bears the expense of medical and surgical care and hospitalization of persons under the protection of such contracts just as do the Multnomah Industrial Health Association, Physicians and Surgeons Hospital Association of Salem, Southern Oregon Medical Association and various other private corporations operating in this State.

2. (a) I deny that I employ solicitation, directly or indirectly, or that I have ever done so.

2. (b) I deny that the manner of conducting my practice, or its tendency or effect, is such as to prevent the free choice of physicians.

2. (c) I repeat that I am not engaged in contract practice and that whatever I receive for treating patients under

the protection of medical insurance contracts issued by National Hospital Association belongs to me.

Just why the Committee should prefer these unfounded charges against me in view of the facts is rather difficult to understand, if one make any assumption of good faith. You and the members of the Committee, as well as most of the other members of the profession know what contract practice is. You know that there are a great many employers who now have arrangements with one or more doctors to treat employees for sickness and injury. The work being confined to the doctors designated and the compensation paid out of deductions from the wages of employees. As typical of such practice, I am informed that at the present time in one large business concern in Portland, the arrangement is that a prominent physician treats all of the employees for injuries while an hospital association, whose stockholders are all doctors, has the contract covering the same employees for sickness. You, of course, are familiar with the several private corporations organized by doctors in the past few years for the purpose of trans-
8100 acting an hospital association business of the same general character as has been transacted for years under authority of law by various other corporations, which are still doing business. You are no doubt familiar with the practice of certain fraternal orders of employing or appointing a particular doctor and paying for his services out of dues. You no doubt also are familiar with the practice, of many years standing, of railroad companies and other large corporations which set up machinery for the treatment of their employees, maintain hospitals and the like and hire doctors to do this work. The insurance companies, as you know, also employ doctors to render medical and surgical attention to those under the protection of insurance contracts.

It is my understanding that the Multnomah Industrial Health Association was organized with the official approval of the Multnomah County Medical Society. It is a private corporation organized for profit to transact an hospital association business and has precisely the same powers to engage in the same kind of business as the other hospital associations. I suppose that the Physicians and Surgeons Hospital Association of Salem and Southern Medical Association were organized with the approval of their respective county societies. The Corvallis General Hospital Association has also be doing a considerable volume of hospital association business, as has the Hillside Hospital Com-

pany of Klamath Falls. In these corporations, I understand, doctors are the controlling stockholders but I am unable to see what difference it makes who owns the stock if the business is being carried on by a corporation. Of course it is being talked around that the purpose of making charges against doctors who treat patients for certain of the hospital associations is to force these companies out of business so that the private corporations engaged in the hospital association business in which doctors own the stock will be able to secure a monopoly of the business.

As pointed out, the Multnomah Industrial Health Association was organized with the approval of the County Society. The plan, I believe, was to confine stock ownership to doctors. It was organized primarily for the purpose of making contracts with employers to bear the expense of medical and surgical services and hospitalization to the sick and injured, the pay to be received out of a fund made up of contributions from the wages of employees. It entered the hospital association field in competition with a number of private corporations then doing that class of business. It urged, no doubt with the full knowledge and approval of the County Society, the value and necessity of this type of service and in circulars issued by it to employers, employees and the public generally, it was, among other things, stated:

8101 "The laws of Oregon recognize the value of medical and hospital insurance and authorize employers to contract for this service for the benefit of employes. Today medical and hospital coverage is considered by many as equal in importance to industrial accident and employers' liability insurance. Ask your friends who have used it. * * *

"It protects you against the financial burden often caused by a prolonged illness or a surgical operation.

"It provides complete service (medical, surgical, hospital, etc.) whenever you suffer any illness or any injury.

"The cost to you is small . . . while the protection and service you receive are invaluable."

3. I deny that I have violated Chapter III, Article I, Section 4 of the said Principles of Medical Ethics, and

3. (a) I have at no time issued circulars or solicited patients by advertisements or personal communications or in any other manner, and

3. (b) I deny that I procure, or ever have procured patients by indirection through solicitations or agents.

4. I deny that I have violated Chapter III, Article VI, Section 4 of said Principles of Medical Ethics. I do not now dispose of, and never have disposed of my professional attainments or services in such a manner as to permit a direct profit from the fees, salary or compensation received by me to accrue to the National Hospital Association or to its stockholders.

In view of these facts, it is difficult for me to understand why I have been picked out as the object of unfounded charges, obviously untrue. The Committee that framed the charges knew I was not associated with the National Hospital Association, except in the manner above stated; that I was not engaged in the contract practice of medicine; that I did not employ solicitation, directly or indirectly; that nothing in the manner of conducting my practice prevented free choice of physicians; that I issued no circulars and solicited no patients by advertisements or personal communications; that I procured no patients by indirection through solicitors or agents; and that no one other than myself profited from the compensation I received.

Very truly yours

Plaintiff's Exhibit 1762

8102 MULTNOMAH COUNTY MEDICAL SOCIETY
PORTLAND, OREGON
OFFICE OF THE SECRETARY

July 14, 1937

Dr. O. J. Goffin
Mohawk Building
Portland, Oregon

Dear Dr. Goffin:

The Board of Censors has had referred to it certain charges of unethical conduct against you received by the Secretary on April 15, 1937, a copy of which was sent to you on that date.

This letter is to notify you that the Board of Censors will consider these charges at a meeting to be held in the

auditorium of the Medical-Dental Building on the 21st day of July, 1937 at 7:30 o'clock P. M.

Very truly yours,

MULTNOMAH COUNTY MEDICAL SOCIETY

by (Signed) CHARLES E. SEARS, M. D.
Chairman, Board of Censors

8103 MULTNOMAH COUNTY MEDICAL SOCIETY
PORTLAND, OREGON
OFFICE OF THE SECRETARY

March 31, 1937

Dr. O. J. Goffin
Mohawk Building
Portland, Oregon

Dear Dr. Goffin:

The Multnomah County Medical Society has received information which appears to indicate that the contract practice engaged in by you in connection with the National Hospital Association is carried on in such a manner as to violate the Principles of Medical Ethics of the American Medical Association.

The Board of Censors will make a preliminary investigation of this matter at a meeting to be held in the auditorium of the Medical-Dental Building on the 5th day of April, 1937, at 7:30 o'clock P. M.

This letter is to give you notice of this meeting and an opportunity to be heard.

No formal charges have been filed against you. This meeting will be informal and conducted in accordance with the provisions of Chapter I, Section 5 of the by-laws which read as follows:

> Conciliation. Kindly efforts in the interest of peace, conciliation or reformation, so far as possible or expedient, shall precede the filing of formal charges affecting the character or standing of a member, and it shall be the duty of the Board of Censors to promote this end by making a preliminary examination into the merits of the case, and the accused shall be given opportunity to be heard in his own defense, in all trials and proceedings of this nature.

You realize that the members of the Board of Censors are devoting their time to the duties imposed upon them by the by-laws of the society. In order that their actions may be facilitated it is requested that if you cannot appear at the stated time that you communicate with the chairman of the Board at least twenty-four hours before the time of the meeting as scheduled above.

Very truly yours,

MULTNOMAH COUNTY MEDICAL SOCIETY

by (Signed) CHARLES E. SEARS
Chairman, Board of Censors

8104 April 2, 1937

Dr. Charles E. Sears
Chairman, Board of Censors
Mulnomah County Medical Society
Portland, Oregon

Dear Dr. Sears:

Your notice to me to appear at a meeting of preliminary investigation on matters connected with the National Hospital Association is at hand.

Since I am to give your Board of Censors information, the nature of which I am not fully apprized at this time, I would ask that you advise me as to the source of your information and what the information might be. I ask this to enable me to give you a more comprehensive answer.

I regret that I will not be able to appear for the investigation on such short notice, as I am scheduled to take part in a bowling tournament at Friendship Masonic Lodge at 8 PM that evening.

Trusting that I may receive the above information, I am

Truly yours,

O. J. Goffin

Plaintiff's Exhibit 1763

8105 April 9

Dr. Charles E. Sears,
Chairman, Board of Censors,
Multnomah County Medical Society,
Medical Dental Bldg.,
Portland, Oregon.

Dear Dr. Sears:

I have for reply your letter of April 7, in which you advise me that the Board of Censors met Monday evening, April 5, for the purpose of a preliminary examination into the merits of the information that the "contract practice" in which I am engaged "in connection with the National Hospital Association is carried on in such a manner as to violate the Principles of Medical Ethics", and stating that as I was not present the Board did not consider my case but would meet again on April 13 at which meeting you hope I will be present and at which time I will have an opportunity to be heard in connection with the complaints filed against me.

You apparently have overlooked my letter to you of April 3, in which I requested you to advise me of the information and the source of the information that the Medical Society had received indicating that I am engaged in contract practice in violation of the Principles of Medical Ethics of the American Medical Association.

Therefore I am again requesting this information, which I ask that you kindly send to me as soon as possible in order that I may have an opportunity of inquiring into the complaints that have been filed against me and be in a position to answer any such complaints.

I believe, Dr. Sears, you will appreciate the fairness of this request and I await your reply.

Truly yours,

O. J. Goffin

Plaintiff's Exhibit 1764

8106 BEFORE THE BOARD OF CENSORS
OF THE MULTNOMAH COUNTY
MEDICAL SOCIETY

CASE OF DR. A. H. JOHNSTON

Portland, Oregon, August 19, 1936
8:20 o'clock P. M.

BOARD:

Dr. Charles E. Sears, Chairman
Dr. Frank R. Mount
Dr. Robert L. Benson

Dr. John C. Adams, Secretary
Mr. Clyde C. Foley, Executive Secretary

PROCEEDINGS:

Chairman

Chairman Sears: The first matter of business on the program tonight is the case of Dr. A. H. Johnston.

Dr. Adams: I am preferring the charges as Secretary of the Medical Society.

(The charges were thereupon read as follows:)

After studying the testimony and the exhibits filed at the hearing before the Board of Censors on March 11, 1936, it appears that there is evidence that the contract practice engaged in by Dr. A. H. Johnston in connection with the Prudential Hospital Association is in violation of the Principles of Medical Ethics of the American Medical Association.

It therefore becomes my duty as a member of the society to prefer the following charges against Dr. Johnston, based upon his testimony and these exhibits:

1. That he is associated with the Prudential Hospital Association of Portland, Oregon.

8107 2. That the Prudential Hospital Association and Dr. A. H. Johnston are engaged in the contract practice of medicine in such manner as to violate Chapter III, Article VI, Section 2, of the Principles of Medical Ethics of the American Medical Association, in that

(a) They employ solicitation, directly or indirectly;

(b) The compensation is inadequate to assure good medical service;

(c) The manner of conducting their practice, and its tendency and effect, is such as to prevent free choice of a physician;

(d) The contract practice engaged in, and its practical results, are contrary to sound public policy.

3. That the Prudential Hospital Association and Dr. A. H. Johnston have violated Chapter III, Article I, Section 4 of the said Principles of Medical Ethics, in that—

(a) They solicit patients by circulars, advertisements and personal communications;

(b) They procure patients by indirection through solicitors or agents.

CLYDE C. FOLEY was thereupon called as a witness and testified as follows:

Q. (By Dr. Adams) You are executive secretary of the Multnomah County Medical Society?

A. Yes.

Q. Were you present at the meeting of the Board of Censors on March 11, 1936, at which the Board made a preliminary investigation into the contract practice of the Prudential Hospital Association and Dr. A. H. Johnston?

A. Yes.

8111 Q. Compare the literature mentioned above with the contract of the Prudential. Is the literature misleading, and in what particulars?

A. The literature is clearly misleading. The printed leaflet used in soliciting subscribers contains the following phrase:

1. "No More Doctor Bills."

2. "Full Medical Care."

3. "Perfect Protection for Men, Women, and Children."

On the other hand, the mimeographed synopsis of benefits used by the association contains the following limitations with regard to the services to be received under the agreement:

(a) "Free care of confinement cases *after two years membership* of husband and wife".

(b) "Removal of Tonsils and Adenoids by Association Surgeons *after two years membership*".

(c) "Operations and Hospital service for Mastoiditis and Sinusitis *that have their inception after six months membership*".

(d) "Services for conditions requiring major operations coming under this contract will be furnished only for those conditions *which have their inception or beginning after six months after date of contract or effective date thereof*".

(e) "This contract does not cover insanity, Alcoholic, Veneral or Narcotic diseases, *nor diseases not common to both sexes, nor chronic diseases*, nor injuries from violation of law, nor suicide, *nor diseases or injury existing at time this contract is written;* Pregnancy and Childbirth only as before mentioned. Services for contagious diseases not accepted by large general hospitals, *Cardio Vascular* disturbances, *Tuberculosis Ulcers, Tumors, and Cancers and Genito Urinary* ailments *covered by this contract will be* furnished only at Doctor's offices and home of member".

It is plain that subscribers would be misled by all these numerous and complex limitations. Other untrue or questionable statements appearing in the printed leaflet of the association are the following:

1. "All hospitals and most doctors want their money cash in advance."

8115 • • • • •

Dr. Benson: I move the adoption of the following resolution:

"WHEREAS, certain formal charges have been filed against Dr. A. H. Johnston in regard to his association with the Prudential Hospital Association and the alleged unethical conduct of the Prudential Hospital Association and Dr.

Johnston's conduct in connection with that association, a copy of which charges are now before us, and

"WHEREAS, a copy of these charges was duly delivered to Dr. A. H. Johnston and to the Chairman of the Board of Censors more than ten days before this meeting of the Board of Censors,

"WHEREAS, Dr. Johnston received a notice of this meeting and an ample opportunity to be heard, and

8116 "WHEREAS, the meeting of the Board of Censors was duly called to order by the Chairman and Dr. Johnston did not appear, either personally or by representative, but transmitted a letter, received by us August 19, 1936, which is now before us, as his answer to the charges filed against him, and

"WHEREAS, the meeting was duly held, evidence taken, and the answer of Dr. Johnston duly considered by the Board,

"NOW, THEREFORE, be it resolved by the Board of Censors of the Multnomah County Medical Society that it is the sense and conclusion of the Board:

I.

"That the said charges against Dr. A. H. Johnston have been sustained.

II.

"That the Board recommends to the Council of the Multnomah County Medical Society that Dr. A. H. Johnston be expelled from the Society.

III.

"That a copy of this resolution be transmitted forthwith to the Council of the Multnomah County Society for its consideration."

Dr. Mount: I second the motion.

Chairman Sears: Do you want to qualify or extend your comments any further?

Dr. Benson: Mr. Chairman, I would like to extend it just a little further and say that Dr. Johnston is an old acquaintance of mine from my earlier years here, and in making this motion I feel very sincerely on this matter of principle. I have no further comments to make.

Chairman Sears: Dr. Mount?

Dr. Mount: I have nothing to say.

Chairman Sears: Are you actuated in a large measure by the inconsistency of Dr. Johnston's previous statements as compared with the letter which we received today?

Dr. Benson: Mr. Chairman, he has made certain promises which he has not fulfilled, I think, and in my judgment it would be entirely on his failure of fulfillment.

Dr. Mount: I don't think any explanation or reason for our opinion is necessary; I think it is purely a matter of expression of our individual opinions as to the sincerity of Dr. Johnston's conduct.

Chairman Sears: That is what I was getting at in this further question. We were led to believe that there was a certain tone of lack of sincerity and a tone of belligerency. Are you ready for the question? All in favor of this motion respond by the usual affirmative sign. It is so determined and passed unanimously.

(Thereupon, at 9:05 o'clock, P.M., August 19, 1936 the hearing in the foregoing matter was concluded.)

Plaintiff's Exhibit 1765

8117 MULTNOMAH COUNTY MEDICAL SOCIETY

PORTLAND, OREGON

OFFICE OF THE SECRETARY

October 29, 1936

Dr. C. G. Sabin
Medical-Dental Building
Portland, Oregon

Dear Dr. Sabin:

In accordance with the provisions of Section 6 of Chapter I of the by-laws of the society, we are enclosing a copy of certain charges of unethical conduct which have been filed against you. These charges are being referred to the Board of Censors.

Very truly yours,

MULTNOMAH COUNTY MEDICAL SOCIETY

by John C. Adams
Secretary

8118 MULTNOMAH COUNTY MEDICAL SOCIETY
PORTLAND, OREGON
GRIEVANCE COMMITTEE

October 29, 1936

Dr. John C. Adams, Secretary
Multnomah County Medical Society
Medical-Dental Building
Portland, Oregon

Dear Dr. Adams:

We have carefully examined certain evidence presented to us regarding the contract practice of the National Hospital Association and that of Dr. C. G. Sabin in connection with that association. We have also carefully considered the statements and testimony presented by Dr. Sabin at the preliminary investigation held by the Board of Censors on October 26, 1936.

It appears from this evidence and the above-mentioned statements and testimony that there is evidence that the contract practice engaged in by Dr. Sabin in connection with the National Hospital Association is in violation of the Principles of Medical Ethics of the American Medical Association.

It therefore becomes our duty as the duly appointed Grievance Committee of our society to prefer the following charges against Dr. Sabin:

1. That he is associated with the National Hospital Association of Portland, Oregon, and is an officer and stockholder of that Association.

2. That the National Hospital Association and Dr. C. G. Sabin are engaged in the contract practice of medicine in such manner as to violate Chapter III, Article VI, Section 2, of the Principles of Medical Ethics of the American Medical Association, in that

   (a) They employ solicitation, directly or indirectly;

   (b) The manner of conducting their practice, and its tendency and effect, is such as to prevent free choice of physician;

   (c) The contract practice engaged in, and its practical results, are contrary to sound public policy.

3. That the National Hospital Association and Dr. C. G. Sabin have violated Chapter III, Article I, Section 4 of the said Principles of Medical Ethics, in that—

(a) They issue circulars and solicit patients by advertisements and personal communications;

(b) They procure patients by indirection through solicitors or agents.

8119

4. That Dr. C. G. Sabin has violated Chapter III, Article VI, Section 4 of the said Principles of Medical Ethics in that Dr. C. G. Sabin disposes of his professional attainments or services in such a manner as to permit a direct profit from the fees, salary or compensation received to accrue to the National Hospital Association and its stockholders, one of whom is a layman.

Very truly yours,

GRIEVANCE COMMITTEE

KARL H. MARTZLOFF (Signed)

R. B. ADAMS (Signed)

8120 DRS. SABIN, BELKNAP AND WISE
509 MEDICAL-DENTAL BUILDING
PORTLAND, OREGON

COPY OF COMMUNICATION FROM MULTNOMAH COUNTY MEDICAL SOCIETY.

DR. C. G. Sabin
Medical Dental Bldg.
Portland ore.

Dear Dr. Sabin :—

The Multnomah County Medical Society has received information which appears to indicate that the contract practice engaged in by you in connection with the National Hospital Assn. is conducted in a manner which is in violation of the Principles of Medical Ethics of the Amer/ Medical Assn.

It is felt that an Investigation of this matter should be made for the good of all concerned.

At a meeting of the Board of Censors to be held in the auditorium of the Medical Dental Bldg. on the 19th Day of Aug. 1936, at 9:00 P.M., the Board will make an investigation of this matter. This letter is to give you notice of the meeting and an opportunity to be heard.

No formal charges have been prefered. The investigation at this meeting will be informal and will be conducted in accordance with Section 7 of Chapt 1 of the By Laws of the Society which reads as follows;

> Conciliation. Kindly efforts in the interest of peace, conciliation or reformation, so far as possible or expedient, shall precede the filing of formal charges affecting the character or standing of a member, and it shall be the duty of the Board of Censors to promote this end by making a preliminary examination into the merits of the case, and the accused shall be given opportunity to be heard in his own defense, in all trials and preceedings of this nature.

Your cooperation in the discussion of your contract practice will do a great deal to clear up any possible misconceptions concerning its nature and effect.

Very truly yours

MULTNOMAH COUNTY MEDICAL SOCIETY

8121 MULTNOMAH COUNTY MEDICAL SOCIETY
PORTLAND, OREGON
OFFICE OF THE SECRETARY

October 30, 1936

Dr. C. G. Sabin
Medical-Dental Building
Portland, Oregon

Dear Dr. Sabin:

The Board of Censors has had referred to it certain charges against you received by the Secretary on October 29, 1936.

This letter is to notify you that the Board of Censors will consider these charges at a meeting to be held in the

auditorium of the Medical-Dental Building on the 9th day of November 1936, at 9:00 o'clock, P.M.

Very truly yours,

MULTNOMAH COUNTY MEDICAL SOCIETY

by CHARLES E. SEARS
Chairman, Board of Censors

8122

Portland, Oregon
November 13, 1936

Multnomah County Medical Society
Portland, Oregon

Gentlemen:

With reference to the letter of October 29, 1936, written by the Grievance Committee of Multnomah County Medical Society to its secretary and containing certain alleged charges against me and referring particularly to the first and second paragraphs of said letter, I deny that I am engaging in or ever have engaged in contract practice either for or by myself or in connection with any person, association, organization, firm or corporation whatsoever, and I deny that any method, mode or manner of my practice is or ever has been in violation of any of the Principles of Medical Ethics of the American Medical Association.

Referring to the specific alleged charges in said letter contained, and using the same numerical and letter designation therein contained:

1. I admit that I am one of the officers and one of the stockholders in the association named, being one of several officers and one of several stockholders of said association, but I deny that I am or ever have been associated with said association save and except as such officer and as such stockholder, and except also that in the course of my medical practice I have on occasions professionally examined and treated patients to whom I have been recommended by said association. These patients were included in the many and numerous patients examined and treated by me in the course of my medical practice and to whom I was not recommended by said association.

2. I deny that I am or ever have been or that I, in conjunction with any person, association, organization,

firm or corporation whatsoever, am or ever have been engaged in the contract practice of medicine
8123 or engaged in the practice of medicine in such a manner as to violate Chapter III, Article VI, section 2 of the Principles of Medical Ethics of the American Medical Association or any of the Principles of said Medical Ethics.

(a) I deny that I am or ever have, or that I, in conjunction with any person, association, organization, firm or corporation whatsoever employ or ever have employed solicitation directly or indirectly or in any other manner.

(b) I deny that the manner of conducting my practice individually or in any alleged connection or association with any person, association, organization, firm or corporation whatsoever, or the tendency or effect of such alleged practice is or ever has been such as to prevent free choice of physician.

(c) I deny that I am or ever have engaged in contract practice, and I deny that my practice is now or ever was in its practical or other results contrary to sound public policy.

3. I deny that I am now violating or ever have violated, or that I, in conjunction with any person, association, organization, firm or corporation whatsoever, am violating or ever have violated Chapter III, Article I, section 4 of the said Principles of Medical Ethics or any of the Principles of said Medical Ethics.

(a) I deny that I now issue or ever have issued circulars either by myself or in conjunction with any person, association, organization, firm or corporation whatsoever, and I deny that I now solicit patients or ever have solicited patients either by myself or in conjunction with any person, association, organization, firm or corporation whatsoever, by advertisements or personal communications or otherwise.

8124 (b) I deny that I now procure or ever have procured a patient or patients either by myself or in any connection with any person, association, organization, firm or corporation

whatsoever by indirection or otherwise through solicitors or agents or in any other improper or unethical method or manner.

4. I deny that I now am or ever have violated Chapter III, Article II, section 4 of the Principles of Medical Ethics or any of said Principles of Medical Ethics in disposition of my professional attainments or services in such alleged manner or otherwise so as to permit a direct or any other profit from my fees or salary or compensation to accrue to any association, organization or corporation, or the stockholders of any of them, or any person, persons or firm whatsoever; I deny that I am now permitting or engaging in or that I ever have permitted or engaged in the splitting or division of any of my professional fees, compensation or emoluments or that I have ever permitted or allowed anyone to receive a direct or other profit therefrom.

Yours very truly,

.....

Plaintiff's Exhibit 1766

8128

Portland, Oregon.
November 20th, 1936.

Dr. Charles E. Sears, Chairman,
Board of Censors,
Multnomah County Medical Society,
Portland, Oregon.

Dear Dr. Sears:

I have your letter in which you transmit to me certain charges, signed by Drs. R. B. Adams, Karl H. Martzloff and Frederick A. Kiehle, and stating that the Board of Censors of the Multnomah County Medical Society will consider these charges on November 20, 1936, at 8:30 P. M.

It is stated in the charges that they are based on evidence which was before the gentlemen who signed them. No such evidence was called to my attention and none exists. I deny most emphatically that there is any merit in the charges, declare that they are untrue, and that there is no evidence to support them.

After looking over the charges, I am forced to the conclusion that the Committee has befogged and beclouded the real question by a mass of verbiage. I assume what the Committee wanted to say is that in the course of my practice I render professional services, both medical and surgical, to some sick and injured persons who are under the protection of medical insurance contracts entered into with employers by a corporation organized under and authorized to make such contracts by the laws of Oregon, and receive from such corporation compensation for the services performed. I further assume that the Committee wanted to say that this is unethical. I deny that this is unethical and sincerely feel that this attitude of the Society, if in fact it represents the views of the members of the Society, will do great harm to the Society and to the medical profession as a whole. It will inevitably, and soon, bring about a situation where the State will occupy the field now largely filled by certain organizations and systems which give the protection of medical insurance contracts to a great number of wage earners, who, because of their low earning power, cannot, except under such systems, provide themselves with necessary and adequate medical and surgical care and hospitalization in the event of serious injury or sickness.

8129 Later in this communication I will take up and deal specifically with the charges. Before doing so, I wish to state my views. At the outset, I deeply resent the suggestion that I am engaged in any practice which is to the slightest degree unethical. I am now carrying on the practice of medicine in the same manner as I have for the past thirty-four years, and hope to continue to practice my profession honorably and diligently with the interests of my patients always paramount.

I have been a member of the Multnomah County Medical Society, the State Society and the American Medical Association for many years, and have given much time and thought to the promotion of the interests of these organizations and of the medical profession. I served as President of the County Society last year; have served as a member of the County and State Councils and on many committees, including the State Industrial Accident Relations Committee, of which I was chairman and in which work I had a close-up view of the problem of providing adequate medical and surgical care and hospitalization for wage earners. I speak of these things merely for the purpose of showing that the problems of the profession are not

new to me and I feel justified, therefore, in putting my views before you as to the real question involved.

I have been for many years, and now am, in favor of some type of employees' medical insurance protection, for these reasons:

First: Because it is the only available system by which the moderate or low wage earner is able to insure himself against the unpredictable cost of sickness and accident;

Second: By this system, the wage earner is entitled to protection without appealing to charity, thus maintaining his self respect;

Third: Diagnostic facilities, hospitalization, special nursing, special treatments, medical and surgical (the cost of which would be prohibitive to the wage earner), are provided for under this system;

Fourth: Hospitals and nurses are assured of compensation for all patients under this coverage;

Fifth: Services of specialists and consultants are at the command of the attending physician;

8130 *Sixth*: Doctors obtain compensation for all cases cared for under this system, where they otherwise are often called upon to perform services without assurance of any remuneration;

Seventh: The same quality of services can be rendered to the poor as to the rich, and there is no economic discrimination;

Eighth: Our overcrowded public institutions are relieved of a greater burden;

Ninth: The employees' medical insurance system, to my mind, is our only present defense against the growing demand for social medicine; and

Lastly: It promotes and encourages preventative medicine in all its phases.

Methods and systems for prepayment of medical and surgical services and hospitalization for employees have been developing in this country, in one form or another, for many years. Some of the large railroad companies, as much as a generation or two ago, set up organizations to furnish these services to employees. Deductions were made from the wages of employees and with these funds physicians and surgeons were employed and hospitals erected

and operated, or hospital facilities otherwise secured when needed.

It is a matter of common knowledge that in this section of the country, as well as in others, the large oil companies, the railroad companies, and other large corporations have set up organizations for providing medical and surgical services and hospitalization for their employees, and that much of the medical and surgical service is rendered by doctors regularly retained for the purpose. A somewhat similar system is maintained by a local traction company and a local power company to meet the needs of their employees. You of course are familiar with the system employed by certain fraternal orders under which a particular doctor is employed and his compensation paid out of funds derived from entrance and membership dues. You are also familiar with the system employed by sundry insurance companies under which particular doctors are employed, who render the service to the persons under the protection of the insurance policies.

A number of employers have contracts with individual doctors to care for their sick and injured employees, the compensation of the doctor to be paid out of a fund made up of deductions from the wages of the employees. Many of such contracts exist today in the city of Portland. I have in mind a large employer in this city who has an arrangement with a prominent member of the Society to look after the employees who are injured, and the injured employees are limited to his services. The same employer has a contract with a corporation doing a hospital association business whose stockholders are all doctors, to take care of the employees who get sick, the compensation to be paid out of a fund made up of deductions from employees' wages.

8131

For the last thirty years, probably longer, employers of this state have, to a constantly increasing extent, made provision for giving their employees medical and surgical services and hospitalization. To some extent they have entered into contracts with doctors for this purpose. However, for many years this field has been largely filled by corporations commonly referred to as hospital associations. The first time this system of providing these services was recognized by the Legislature was in 1915. In 1917 the Legislature made definite provision for persons, firms and corporations doing a hospital association business, authorized deductions to be made from the wages of employees for medical and surgical care and hospitalization, made

provision for a minimum capital stock, the giving of a performance bond, gave a degree of supervisory authority over the character of the contracts to the Industrial Accident Commission, and placed concerns carrying on such business under the supervision of the Insurance Commissioner. Later, in 1929, provision was made for keeping the moneys deducted from wages in a trust fund and giving the same preference as to their collection by the hospital association as that given to the State Industrial Accident Commission. Later, in 1935, further protection was given to these concerns and to the funds deducted from the wages of employees to pay for these services, by requiring that any bond given to guarantee the performance of any public contract should contain a condition requiring payment over of these funds in the event of default of the contractor on public work.

It seems to me that all this legislation indicates a legislative policy to authorize and encourage this means of providing medical and surgical care and hospitalization.

This fact, and the value and the necessity of this type of service, was recognized by the Multnomah County Medical Society some years ago. You, in common with other members of the profession, will recall the organization of the Physicians and Surgeons Hospital Association
8132 in Marion County in 1930. This was a private corporation organized for profit, to transact a hospital association business. I understand that ever since its organization it has been entering into contracts with employers of the same general character as those theretofore entered into by other hospital associations. True, most, if not all, of the stockholders are doctors. Nevertheless it is a private corporation transacting a hospital association business of the same character as other corporations engaged in the hospital association business. This, you will recall, was followed by the organization of the Multnomah Industrial Health Association, with the official approval of the Multnomah County Medical Society. This corporation was organized to transact an hospital association business, under the same laws as other hospital association concerns had been operating for years. Among the corporate powers enumerated in the Articles of Incorporation of the Multnomah Industrial Health Association are:

> "To contract and agree with individuals, families, employees, associations, societies, or with employers for the benefit of employees, for the furnishing of medicine, medical and/or surgical treatment, nursing,

hospital services, ambulance service, dental service, burial service, or other services necessary, contingent upon sickness, accident or death, and to do and perform each and every thing necessary in or incidental to the exercise of any power.

*****

"To furnish medical and surgical treatment of every kind and to contract to do so.

*****

"To contract to give funeral benefits and/or cost thereof.

*****

"To do and perform and to cause to be done and performed each and every act and thing, proper or convenient to be done and/or performed in order to carry on, conduct and operate an hospital association as provided in Chapter 9, Title 46, Oregon Code 1930."

This corporation has been operating since shortly after it was organized. It issues two types of contracts, the standard coverage contract and the full coverage contract, which are similar to those issued by other corporations doing a hospital association business. It obtains its compensation for carrying out these contracts from deductions made from the wages of employees. This cor-
8133 poration has from time to time issued literature fully explaining the type of service given by hospital association, as well as the benefits thereof. In this literature the necessity for this type of service has been very well and clearly stated. From one of the circulars issued by this corporation I quote the following:

"The laws of Oregon recognize the value of medical and hospital insurance and authorize employers to contract for this service for the benefit of employes. Today medical and hospital coverage is considered by many as equal in importance to industrial accident and employers' liability insurance. Ask your friends who have used it.

"Now, for the first time in Portland and Multnomah County, the doctors are offering their own medical and hospital insurance. And you can obtain this complete coverage at the lowest rates ever offered in the United States for a service of such high standards.

"Cost of Full Coverage Service is $2.00 per month per person. If employes are also protected under the

Workmen's Compensation Law, the $2.00 per month fee also includes the one cent per work day paid to the state.

"It protects you against the financial burden often caused by a prolonged illness or a surgical operation.

"It provides complete service (medical, surgical, hospital, etc.) whenever you suffer any illness or any injury.

"The cost to you is small * * * while the protection and service you receive are invaluable.

"You get full protection twenty-four hours a day * * * at work, at home, or wherever you may happen to be."

This corporation also deemed it in the public interest to enlarge the system so as to include employees of stores and offices, a field that had not theretofore been invaded to any considerable extent by hospital associations. In one of the circulars issued by the Multnomah Industrial Health Association this language was used:

"The Full Coverage plan makes this Association's services equally valuable to employees of stores and offices as well as industrial plants, shops and logging
8134 camps. For this coverage applies to chronic diseases and ailments of current origin, as well as to acute illness and accidental injuries.

"There is no delay or confusion in obtaining medical or other services. Full equipment and instructions are furnished to every concern covered. The service is easy to use.

"Ask to see the association's list of member doctors and Full Coverage Contract for complete details."

The Physicians and Surgeons Association of Marion County, referred to above, has precisely the same corporate powers as the Multnomah Association, as has also Southern Oregon Medical Association, and they use substantially the same type of contracts.

The Eugene Hospital Company (formerly Eugene Hospital and Clinic), a private corporation, also carries on a hospital association business and issues similar contracts, as do the Corvallis General Hospital Association and Hillside Hospital Company of Klamath F[illegible]s. True, the capital stock in these corporations is mostly, if not entirely, owned by doctors. However, they still remain private corporations for profit, doing a hospital association business, and the character of these associations, it seems

to me, is not at all changed or affected by the fact that the stock is owned by doctors.

Reports to the Insurance Commissioner of the State of Oregon for the year 1935, made by the corporations that I have named and by other corporations doing a hospital association business, indicate that probably 75,000 wage earners or more in Oregon were under the protection of such types of medical insurance contracts. This does not take into account employees cared for under contracts with individual doctors or employees cared for under somewhat similar systems set up by railroad companies and other large corporations, or employees who receive this protection by virtue of insurance policies issued to employers for the benefit of employees.

If these various methods of giving protection to wage earners are to be broken down and outlawed by the medical profession, by the indirect method of penalizing, libeling and seeking to impair the professional standing
8135 of doctors who look after employees so protected, it seems to me very obvious that some substitute will be found. I do not think that either employees or employers who have been accustomed to the protection and benefits afforded by this system are going to let it be broken down or destroyed unless there is something to take its place equally satisfactory. If railroad companies and other large corporations must put aside their present methods because doctors cannot perform the services required without attacks upon their professional connections and reputation, and if employers cannot secure contracts from hospital associations for these services, it seems entirely clear to me that they will insist upon the state entering this field and providing this service, and pay for the same out of funds derived from periodical contributions by employees or employer, or both, or out of public funds raised at the expense of the general taxpayer. If this should come about I think it would be of lasting injury to the medical profession as a whole.

I will now take up the charges which have been filed and answer them in the order in which they are stated.

1. I am not and never have been a stockholder, director or officer of National Hospital Association, and have nothing whatever to do with the management of its affairs. In the practice of my profession from time to time I render professional services, both medical and surgical, to the injured and sick under the protection of medical insurance contracts made by the National Hospital Asso-

ciation with employers for the benefit of their employees. For these services the National Hospital Association pays me, as it is required to do by its contracts with the employers. The compensation I receive is wholly mine and the treatment given by me, whether medical or surgical, is entirely under my control.

2. I am not engaged in the contract practice of medicine in violation of Chapter III, Article VI, Section 2 of the Principles of Medical Ethics of the American Medical Association, or at all.

2(a) I do not employ solicitation, directly or indirectly, and never have.

2(b) I absolutely deny that the manner of conducting my practice, or its tendency or effect, is such as to prevent free choice of physicians.

2(c) I am not engaged in the contract practice of medicine. Whether or not the contract practice of medicine is contrary to sound policy is, therefore, of no concern in this case. Upon that question
8136 there is apparently a wide difference of opinion. The contract practice of medicine has been sanctioned in this state by usage for a great many years, and is now widely employed.

3. I deny that I have ever at any time violated Chapter III, Article I, Section 4, of said Principles of Medical Ethics.

3(a) I deny that I issue circulars or solicit patients by advertisements or personal communications, or ever have.

3(b) I deny that I procure patients by indirection through solicitation of agents or in any other manner.

4. I deny that I have violated Chapter III, Article IV, Section 4 of said Principles of Medical Ethics in any way whatsoever, and deny that I do now dispose of, or ever have disposed of my professional attainments or services in such manner as to permit a profit to anyone other than myself from fees, salary or compensation received by me; and I deny that any part of the compensation received by me accrues to the benefit of the National Hospital Association or its stockholders or anyone other than myself.

Yours very truly,

Plaintiff's Exhibit 1767

8137 July 18, 1947

Re: Bodine Cantril Clinic
Multnomah County Medical Society
Oregon Physicians Service

Memorandum:

On receipt of a letter from the Coast Veneer Company, with which they enclosed a letter from the Bodine Cantril Clinic announcing that the clinic could not furnish the National Hospital Association with reports, I telephoned Lynn Rasmussen, Business Manager for the clinic, and inquired of him if anything had occurred to cause the clinic to have a grievance against the National Hospital Association.

Mr. Rasmussen promptly replied: "Positively not", and asked why I hade made the inquiry. I referred him to the abovementioned letter from the Veneer Company and he replied stating that the reason the clinic was not sending bills to the National Hospital Association or filling in its reports was that the doctors who belong to the clinic are members of the Multnomah County Medical Society and the Oregon Physicians Service and they had promised those organizations that they would not render charges or reports or in any way cooperate with the National Hospital Association. He stated their doctors had from time to time discussed this question and that some of them were opposed to boycotting the National but that others, including Dr. Boyden, took the position that they had committed themselves to the Medical Society and the Oregon Physicians Service and were therefor bound to refuse any information to the National Hospital Association or any other association of its class.

I asked Mr. Rasmussen if this also applied to insurance companies and he said that it did not—that they were furnishing reports to the compensation insurance carriers and to the life insurance companies. Mr. Rasmussen continued by saying that he personally believed it was very foolish on the part of the doctors—that his relations and the relations of the clinic with the National Hospital Association had always been very satisfactory, but that he did not know of anything that could be done about it. He reiterated that none of their doctors were personally opposed to the National Hospital Association and their only reason for refusing to lend cooperation was the one stated above.

C. C. Bechtold

General Manager

CCB B

Turned over to us by Clark County Lumber Co. of Vancouver on 12/8/37 - MHA

Multnomah Industrial Health Association

607 Woodlark Building, Portland, Oregon

FULL COVERAGE

BRIEF OUTLINE OF SERVICES TO BE PROVIDED UNDER THE FULL COVERAGE CONTRACT:

1—MEDICAL, SURGICAL AND HOSPITAL COVERAGE:

a. All accidental injuries, except industrial accidents and injuries received by employes of air-craft while flying or otherwise, or by drivers and mechanics of racing cars while racing or practicing.

b. All acute sicknesses occurring at any time during the term of the insured's coverage.

c. Operations and treatments for acute nasal conditions, acute sinus conditions, and diseased tonsils shall be provided.

d. Tuberculosis shall be treated provided such condition did not exist prior to date of agreement. Subsequent subscribers will receive treatment, provided condition does not become acute during the first six months after enrollment.

e. Cancer shall be treated, including radium, provided conditions developed after the agreement was signed. Subsequent subscribers will receive treatment, provided condition does not become acute during the first six months after enrollment.

f. Deformities and infirmities existing prior to date of agreement; venereal disease—insanity—pregnancy and childbirth are exempt from coverage.

2—HOSPITAL SERVICE: Hospital accommodations are to include ward service, hospital nurses, use of surgery, X-rays, laboratory, medicines and medical and surgical attendance by staff physicians and surgeons for a period of six months in any one case, but medical attention will be furnished for an additional six months.

3—SPECIAL NURSE: When the services of the general ward service nurses are not adequate in the judgment of the attending staff physician or surgeon, the service of a special nurse may be provided.

4—X-RAY SERVICE: X-ray service shall be provided as shall be deemed advisable by the attending staff physician or surgeon.

5—MEDICINES: All necessary medicines and surgical supplies will be furnished on order of staff physicians.

6—PHYSICAL EXAMINATIONS: An annual physical examination shall be furnished upon request.

7—REFRACTIONS FOR GLASSES: Shall be provided by the Association's eye, ear, nose and throat specialists, when in the judgment of the attending staff physician or surgeon refractions are necessary.

8—DENTAL SERVICE: Dental Service includes treatment of acute gum trouble and normal extractions. Treatment for Vincent's Angina and dental X-rays shall be furnished when ordered by staff physicians.

9—PHYSICAL-THERAPY: Physical-therapy treatments are to be provided when ordered by the attending staff physician.

10—AMBULANCE SERVICE: Ambulance service shall be provided to convey the sick or injured to the hospital.

11—PROPHYLACTIC MEASURES: Include the analysis of drinking water, fumigation, vaccination and inoculations as may be found necessary to prevent the spread of disease.

12—CONTAGIOUS DISEASES: The services of staff physicians and necessary medicines shall be provided.

13—EMERGENCY SERVICE: If serious injury or illness should occur and services of an Association physician or surgeon are not available, the subscriber may call the nearest available Doctor of Medicine, licensed by the State Board of Medical Examiners, and the expense of this emergency treatment shall be defrayed by the Association.

14—TRAVELING SUBSCRIBERS: Subscribers absent on business or pleasure from districts in which the Association maintains staff physicians shall be entitled to emergency medical service in the nearest city where the same is available.

When in need of medical care subscribers shall go directly to any staff physician they may select. These physicians are available for office or home visits, as well as hospital attendance.

List of staff physicians and surgeons, affiliated hospitals, dentists, ambulance companies and drug stores will be furnished upon request.

"The Doctors' Own Association"

8143

Full Coverage Agreement

THIS AGREEMENT MADE and entered into this.....day of.....19....., by and between THE EUGENE HOSPITAL & CLINIC of Eugene, Oregon, party of the first part, hereinafter spoken of as THE CLINIC, and .....
party of the Second Part, hereinafter known as Second Party,

WITNESSETH:

THAT THE CLINIC for the consideration hereinafter named hereby agrees to furnish necessary medical, surgical and hospital service for the employees of the Second Party, in its operations at....., Oregon. Such care and treatment shall be defined and limited in the following numbered sections:

1. HOSPITAL CARE: Shall include the following:

(a) All necessary hospital attention for sickness, accidents and operations, together with medicines and dressings and medical and surgical attendance until the patient is able to leave the hospital, not exceeding a period of six months for any one sickness or injury.
(b) X-Ray Diagnosis and Clinical Laboratory service.
(c) PHYSICAL THERAPY: Including massage, ultra violet, electro-therapy, hydrotherapy, phototherapy and galvanism.
(d) Service of a private nurse in the hospital in those cases of such critical nature as to require such nurse, in the judgment of the attending physician.
(e) All surgical operations necessary in order to provide efficient surgical service for employees of the Second Party, including anesthetics, operating room and assistants.
(f) Hospitalization under this contract shall be the best of ward service, according to the standard requirements of Class "A" hospitals in this section of the State of Oregon.
(g) Nursing, both private and general, shall be by graduate nurses only.
(h) Private rooms will be provided by THE CLINIC whenever, in the opinion of the attending physician, the welfare of the patient requires such. Should the patient, of his own accord, desire a private room, such may be selected by the patient at the cash price of $2.00 per day.

2. CLINIC CARE: Shall include the following:

(a) TONSILS: THE CLINIC will furnish operation for the removal of tonsils by a staff specialist together with 24-hour hospital care. Such services shall only be furnished to employees who have been under this coverage for six (6) months or longer.
(b) THE CLINIC will provide necessary medical and surgical service, and hospital care when in the opinion of the attending physician such is necessary, in cases of apoplexy, paralysis and cancer, provided such care shall not continue for a period longer than two months in any one case, and provided further that such condition has not existed prior to the date that such employees comes under this contract.
(c) CHRONIC CONDITIONS: THE CLINIC will provide such benefits of this contract as may be required, in cases of chronic disease of any present employee of the Second Party, where such disease has taken on acute activity. This would apply to such illness as chronic appendicitis, chronic gall bladder disease and heart conditions. This provision will not apply to employees beginning work after the date of this contract until their employment has continued at least six months. Benefits under the provisions of this clause shall be limited to two months for any one sickness or injury and all service must be rendered by the staff of the EUGENE HOSPITAL & CLINIC.
(d) DENTAL SERVICE: THE CLINIC will provide treatment or extraction for aching teeth. Where an employee, in the opinion of a staff physician, has impaired health definitely due to diseased teeth, X-ray films will be made and extractions done, provided; said employee has been under this coverage for at least twelve months. In no event does this contract provide the cleaning or filling teeth, bridge work, or artificial appliances.

3. NON HOSPITAL SERVICE:

(a) CONTAGIOUS DISEASES: THE CLINIC agrees to give all necessary treatment and medicines to cases of contagious disease at their homes, it being understood that the quarantine, transportation and disposition of all such cases must be subject to public health laws and officers.
(b) MEDICAL SUPPLIES: THE CLINIC agrees to provide a supply of medicines for the treatment of simple cases of sickness and dressing suitable for first aid in case of wounds, and to furnish with these direction as to the use of the same.
(c) AMBULANCE SERVICE: THE CLINIC shall provide transportation by ambulance from any point which may be reasonably reached by such conveyance, of patients so severely wounded or so seriously ill as to necessitate the same. Calls for Ambulance service must be first authorized by THE CLINIC.
(d) NON-HOSPITAL CASES: THE CLINIC agrees to provide medical attention, treatment, dressings, and medicine for such non-hospital cases as may present themselves at THE EUGENE CLINIC, 1162 Willamette Street, Eugene, Oregon, with an order for treatment from the Second Party, at convenient or regular office hours.
(e) HOME SERVICE: THE CLINIC agrees to treat employees in their homes should they be detained there by serious illness or injury, where it is impossible for them to present themselves at THE CLINIC, and in such cases, they shall be entitled to medicines and dressings but not to services of a nurse.

4. PARTICIPATION OF EMPLOYEES:

The following officials of the Second Party hereby elect to enjoy the benefits of this contract at the usual rate of..... each month. For the additional payment of ..... each per month this contract shall provide coverage also for injuries *received on the job*.

.....

5. EMERGENCIES:

(a) Members of the Second Party who may be injured or taken sick while outside the State of Oregon shall be entitled to emergency treatment only by licensed doctors of medicine and standardized hospitals. For such services, THE CLINIC will pay on the basis of the regular rates paid by doctor owned hospital associations in the State of Oregon, any additional cost shall be the liability of said employee.
(b) It shall be the duty of the injured or ill employee to notify THE CLINIC as soon as possible that he or she is in need of or is receiving medical care. Failure on the part of said employee to give such notice to THE CLINIC shall relieve THE CLINIC from all obligations or liability in connection with any services other than emergency treatment.
(c) THE CLINIC shall not be held liable for the expense of Doctors, hospital service, ambulance service or other incidentals incurred in Lane County, Oregon, by any member of the Second Party unless such service is rendered by authorized representatives of THE CLINIC.

5392

8144

6. EXAMINATIONS:

(a) Complete physical examinations by a staff physician to determine the cause of illness will be made when the condition of a member of the Second Party indicates its need.

(b) Examinations for insurance, marriage license, pilots license, civil service, health certificate or any other examination where certification by said physician is necessary and are not a part of diagnosis and treatment, are not provided by this agreement.

7. LIMITATION OF SERVICE:

(a) It is understood and agreed that THE CLINIC is not to take trivial cases into the hospital and is to be the final judge as to whether a patient is well enough to be discharged from the hospital or from treatment. Question of eligibility for treatment or for admission to the hospital is to be determined by what any reasonable and prudent man would do or require in case he was paying directly for like service. The hospital service under this contract is to be provided at the Eugene Hospital Eugene, Oregon, unless by special arrangement with THE CLINIC.

(b) It is understood that in all cases not specifically provided for in this contract, hospitalization shall be limited to six months, and all other benefits to twelve months for any one sickness or injury. Such time limitation shall date from the day said patient first consults his doctor relative to said sickness or injury.

(c) It is further understood and agreed that the medicines furnished by THE CLINIC shall be limited to those prescribed by the attending physician and shall not include those given for their food value or vitamin content, nor the glandular products.

(d) It is understood and agreed that on-the-job injuries received by the employees of the Second Party are not covered by this contract. Such injuries shall be treated by THE CLINIC under the provisions of, and at the expense of the State Industrial Accident Commission or insurance carrier acting in similar capacity.

8. LIMITATIONS AS TO DISEASE AND HABITS:

It is further agreed that THE CLINIC is not to treat nor shall the benefits of this contract apply to the following diseases or conditions: Insanity, mental instability (neuroses), pregnancy and childbirth, diseases peculiar to women, chronic disease of the prostate in men, venereal disease or direct consequences of the same, result from the use of intoxicating liquors, narcotics or drugs, any sickness or personal injury occurring prior to the date an employee comes under this contract, injury received in the violation or attempted violation of the law or airplane accidents, nor to injuries where a third party is both legally and financially responsible.

9. SPECIAL PROVISIONS:

(a) Complete and modern centralized offices together with laboratory, pharmacy and class "A" hospital accommodations shall be maintained by THE CLINIC at 1162 Willamette Street, Eugene, Oregon.

THE CLINIC shall maintain a twenty-four hour telephone service by which communication can be had with THE CLINIC and medical or hospital aid may be secured at other than regular office hours in emergencies or if urgently needed.

(b) This contract is intended primarily to provide coverage only for employees whose names appear each month on the payroll of the Second Party. However, should an employee of the Second Party become temporarily unemployed for any reason, he may at the option of THE CLINIC continue this protection by paying his dues on or before the 5th day of the month for which said dues apply. Such payment must be made at THE CLINIC OFFICE. This contract does not provide protection to an unemployed employee who has not paid his dues in advance as specified above.

(c) Failure to continue payment of dues while not working does not in any way effect an employee's rights under paragraph (b) Section 7 hereof.

10. CONDITION FOR MAINTAINING COVERAGE:

Should the Second Party allow the monthly dues as specified herein, to become delinquent, THE CLINIC may at its option refuse or condition any or all services under the terms of this contract.

IN CONSIDERATION WHEREOF, the Second Party agrees to collect ..... per month from each of its employees and to pay the same to THE CLINIC on or before the tenth (10th) day of the following month. In case an employee begins work after the fifteenth of the month, then ..... only is to be collected from him to be paid to THE CLINIC. Provided: That in no case a new employee be required to pay a sum in excess of ten cents ($.10) per day for the first three days of his employment.

It is definitely understood and agreed that payments under this contract shall be due on the first day of the month following the month for which they apply, and shall be payable on or before the tenth (10th) day of said following month. For purposes of auditing the payrolls of the Second Party, THE CLINIC shall, upon request, have access to the payrolls of the Second Party at all reasonable times.

11. IT IS FURTHER UNDERSTOOD AND AGREED by and between the parties hereto that this contract shall remain in full force and effect for such period of time both of said contracting parties shall agree upon. This contract cannot be canceled or changed by either party without (30) days' notice in writing to the opposite party.

12. IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed in duplicate by their authorized officials this ..... day of ..... 19....

EUGENE HOSPITAL & CLINIC

By .....

PARTY OF THE FIRST PART

.....

By .....

PARTY OF THE SECOND PART